

## CASE STUDY

## *Discretion and Professionalism Take the Day*

### **GLOBAL INSURER SEEKS PROFITABLE SALE TO REFOCUS ITS CAPITAL AND BUSINESS**

#### **CHALLENGE**

The Head of Legacy Solutions at a large insurer determined there was significant advantage in divesting the company's non-core businesses, so it could release and redeploy capital while maintaining a high standard of support to claimants. The transaction was expected to generate a pre-tax profit, and the seller required a prospective run-off partner who would allow them to realise the gain. And though the seller wanted finality and a profitable sale, maintaining confidentiality and discretion about the transaction was particularly important.

#### **APPROACH**

The run-off transaction was brokered by a large global consultancy, and as a result, the deal initially involved numerous potential partners and a competitive bid process, from which RiverStone was selected. Across the various teams – broker, seller, and RiverStone – there were roughly 15 people working collaboratively to scope the terms and analyse the book. RiverStone engaged in an extensive due diligence process where we identified opportunities to drive both significant capital synergies from the transaction and to consolidate the portfolio's operations. In utilising a third-party administrator and 20+ claims professionals for this transaction, RiverStone also brought transactional flexibility, given that we typically provide claims expertise and management from our own internal resources.

#### **RESULT**

The final calculations and agreement provided both parties with excellent value, and the deal ultimately emerged as a \$100M+ transaction. The insurer was able to achieve economic disposal of its run-off portfolio within 6 months of signing the NDA and deliver a profit back to the head office. RiverStone was able to provide the seller with economic and legal finality by agreeing to assume relatively long-tail liabilities, and the seller felt confident in putting a significant portion of its run-off book with RiverStone. Throughout the process, RiverStone was also heralded for its discretion and compliance in keeping the transaction details confidential.

*“This was a key example of how relationships and trust matter. We definitely had the skills and assets to run the book, but we differentiated ourselves by who we are and how we engage.”*

#### **LUKE TANZER**

*Managing Director UK, RiverStone*

*“This was one of the best counter-party experiences we have ever had.”*

*Head of Legacy Solutions  
Global Insurer*

## *Risksmart Run-Off<sup>SM</sup> Solutions*

*Risk intelligence  
for the right price  
and the right risk  
for long-term success*

Our RiskSmart Run-Off solutions help sellers improve their balance sheets and maintain their reputations. Our approach to deal sourcing and due diligence builds deep trust and relationships with our many repeat clients and serves as the ultimate testimony to our success as a market leader in the run-off industry. We are known for and sought after as the industry professionals with integrity.

### **WHEN SELLERS AND RIVERSTONE MAKE A GOOD FIT**

- We like sophisticated sellers. Often, we seek sellers undergoing a change in leadership or with a Board-mandated shift in focus.
- We do not shy away from the complex and difficult – from managing staff... to reinsurance...to diverse lines...to shepherding sellers through shifting regulations (Part VII).
- We value prior relationships a great deal, but we are always seeking to develop new ones. Many sellers choose us repeatedly because we can execute, at scale and speed.
- We strive for transparency and collaborative deals with sellers and brokers. The more counter-parties know about us and our parent, the greater our collective success.
- We bring speed where it matters. We execute quickly and with care, in less than 90 days in some cases.
- Sellers come back to us, repeatedly. We are not just proven, we are reliably accountable and scrupulous in how we conduct business.
- Our price is based on risks identified through our due diligence. Our RiskSmart philosophy demonstrates that there is a real difference between being risk averse and controlling risk.
- We are known for our expertise in certain areas, but we are capable in many. If we do not work in a specific line of insurance, we will say so.